

June 26, 2007

Michael Hartman, Deputy Commissioner

Department of Mental Health
Vermont Department of Health
108 Cherry Street – P.O. Box 70
Burlington, VT 05402-0070

Patrick Flood, Commissioner

Dept. of Disabilities, Aging and Independent Living
103 South Main Street, Weeks Building
Waterbury, VT 05671-1601

Dear Michael and Patrick:

I am notifying you that the Counseling Service of Addison County (CSAC) is planning two separate capital construction projects. This letter of intent includes both projects. While we realize the first project does not exceed the capital expenditure threshold of \$1,500,000 we wanted to inform you of our future major capital expenditures. It is our understanding from Act 53 subchapter 9435 (Exclusions) that we are not required to obtain a Certificate of Need from the Department of Banking, Insurance, Securities and Health Care Administration but rather follow the designated Mental Health and Developmental Service Agency Certificate of Approval process. Your confirmation or further direction regarding this understanding would be greatly appreciated

The first project is an addition of up to a maximum total of approximately 3,460 sq. ft. (this would be the maximum sq. ft as it assumes a second floor on the addition but we are not yet certain about the feasibility to accomplish a second floor) and appropriate renovation work (accessibility, safety, heating/cooling system upgrades etc) to our 89 Main Street Middlebury Vermont location. As you may already be aware of 89 Main Street is our primary site for Adult Mental Health Outpatient Services; it also includes our Psychiatry and Emergency teams. The initial cost estimate for the 89 Main Street addition and renovation project is approximately \$865,000.

The second project is new construction of an approximately 15,000 sq. ft. building for our Developmental Services program (Community Associates) and Administrative offices. This location will be across from our current 67 Catamount Park building within Catamount Park. The initial cost estimate for the second project is approximately \$2,765,000 (which includes \$200,000 land costs and \$45,000 in equipment, furnishings and fixtures).

Both of these projects will allow CSAC to improve its compliance with the ADA as well as facility designation requirements set forth by the Department of Developmental and Mental Health Services regarding accessibility. Additionally, it will enable CSAC to offer its consumers and staff needed space expansion to better meet service provision expectations.

Our Board of Directors has declared its interest to finance these projects by participating in the 2007/08 Mental Health Designated Agency Vermont Bond Finance Pool (similar to 1999 and 2002 and 2006) through Vermont Educational and Health Buildings and Financing Agency. Additionally, we are conducting a Capital Campaign to raise \$650,000 to assist in offsetting the expenses of these projects. To date we have received approximately \$550,000 in pledges.

If there are any questions regarding our projects please contact me at 802-388-0302 ext 468. Thank you for your time and assistance.

Sincerely,

William Claessens
Chief Financial Officer

Cc: Bob Thorn, Len Rowell